

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 1817 – HB 2307**

April 4, 2016

**SUMMARY OF ORIGINAL BILL:** Authorizes municipalities to annex non-contiguous territory pursuant to Tenn. Code Ann. § 6-51-104.

**FISCAL IMPACT OF ORIGINAL BILL:**

Other Fiscal Impact - To the extent a municipality annexes non-contiguous territory, the annexing municipality, the local government entity or entities from which territory was annexed, and any county in which the property is located may experience changes or shifts in revenue and expenditures from one entity to another from multiple funding sources including property tax and Basic Education Program funding. Such changes and shifts cannot be reasonably quantified due to multiple unknown factors. However, any changes or shifts would result exclusively from permissive actions of local government.

**SUMMARY OF AMENDMENT (014998):** Deletes and rewrites the bill such that the amended bill expands Tenn. Code Ann. § 6-51-104(d)(5), which currently limits annexation of non-contiguous territory to municipalities within Williamson County, to effectively authorize all municipalities, statewide, to annex non-contiguous territory pursuant to Tenn. Code Ann. § 6-51-104. Specifies that the extension or continuation of utility services outside the boundaries of a municipality may not be used to obtain consent to annex contiguous territory.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 6-51-104(d)(1), a municipality is authorized by resolution to propose the annexation of non-contiguous territory.
- Pursuant to Tenn. Code Ann. § 6-51-104(d)(5), only municipalities in Williamson County have the ability to annex non-contiguous territory under current law.

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- Based on information provided by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR), the exact fiscal effect of any municipality annexing non-contiguous territory cannot be specifically determined because of the numerous scenarios possible under the provisions of the legislation.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj